

SHAREHOLDER NEWS



BankFirst
NATIONAL CORPORATION

NOVEMBER 2017

Van Sistine and Wagner appointed to Bank First National Board

Michael G. Ansay, Chairman of the Board, recently announced the appointments of Peter J. Van Sistine and Robert Wagner to the board of directors for Bank First National.



VAN SISTINE



WAGNER

"Peter's experience in the financial technology sector will prove beneficial as we continue to advance our efforts in providing innovative products and services to our customers," stated Mike Molepske, President and Chief Executive Officer of Bank First National Corporation. "Having served on First National Bank of Waupaca's board of directors, Robert's insights on the region and expertise in the agricultural industry will provide value as we merge the two institutions."

Mr. Van Sistine is Executive Vice President at FIS, the world's largest provider of financial technology solutions. FIS empowers the financial world with software, services, consulting and outsourcing solutions focused on retail and institutional banking, payments, asset and wealth management, risk and compliance, trade enablement, transaction processing and record-keeping.

Mr. Van Sistine joined FIS in October 2009 with the company's

- Continued on page 2

MESSAGE FROM THE CEO



MIKE MOLEPSKE

Dear Shareholder,

On October 27 we completed the merger of Bank First and First National Bank of Waupaca, and the next day we successfully converted the customer information to the Bank First data system. Bank First will be the third largest publicly traded bank headquartered in Wisconsin with more than \$1.8 billion in assets. We now have 18 office locations and more than 225 employees.

As a shareholder, you should be proud of the employees that worked diligently to bring our two banks together in less than seven months. We had scores of employees working weekends and spending weeks away from their families. Employees from both banks welcomed their new coworkers with a friendly greeting and a warm smile.

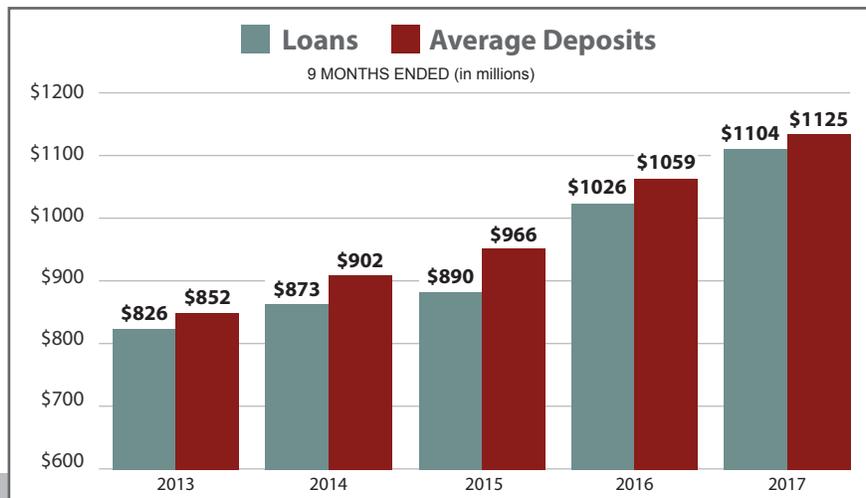
Bank First is one of the most efficiently run community banks in the country. The bringing together of Bank First and First National Bank will create opportunities to become even more efficient. Our extensive branch network throughout Northeast Wisconsin will also open doors for future growth. We are on course to meet the ultimate goal of this merger, which is to enhance the long-term financial returns to our shareholders.

However, there will be a number of growing pains along the way. For example, prior to the merger Bank First owned two foreclosed properties. The merger added 14 properties to that total, with another 16 properties in the process of foreclosure. In addition, we acquired more than \$70 million of loans on properties outside the state of Wisconsin. We have these properties and loans conservatively valued and have the necessary staff available to work through these issues.

Again, the merger of First National Bank and Bank First went exceptionally well. Our newly combined bank will be far more profitable than the two banks could have been independently. The merger also highlighted the strength and depth of Bank First's management team and the quality of our entire staff. If you have the opportunity to speak with a member of our staff, please congratulate him or her for a job well done.

Sincerely,

Michael B. Molepske, CEO and President
(920) 652-3202



Ticker: **BFNC**

www.BankFirstNational.com

THIRD QUARTER

KEVIN LEMAHIEU
Chief Financial Officer
(920) 652-3362



Total assets for the Company were \$1.3 billion at September 30, 2017. Loans were \$1.09 billion, growing \$77 million on a year-over-year basis from \$1.01 billion at September 30, 2016. This loan growth has been primarily funded through core deposit growth of \$61 million over that same time frame. \$42 million of this growth in core deposits is comprised of demand deposits, which are a low cost source of funding when compared to other funding alternatives.

Earnings per share for the nine-months ended September 30, 2017, was \$1.95, an increase of over 7% compared to the same period in 2016. Net income was \$12.0 million for the nine-months ended September 30, 2017, compared to \$11.4 million for the same period in 2016. Net interest income after provision for loan losses increased by \$1.4 million over the first nine months of 2017 to \$30.0 million.

Total non-interest income was \$8.0 million for the first nine months of 2017, compared to \$7.0 million for the prior year period, an increase of \$1.0 million. The primary drivers of this increase in non-interest income were stronger servicing income

of mortgage loans and increased profitability of both UFS, LLC and Ansay & Associates, unconsolidated subsidiaries of the Bank.

Non-interest expense increased by \$1.6 million, or 8.5%, to \$20.0 million for the nine-months ended September 30, 2017. Included in this increase are \$0.7 million in nonrecurring expenses related to our acquisition of Waupaca Bancorporation, Inc. These expenses resulted in a \$0.08 reduction of our earnings per share. These expenses are an investment to create a more geographically diverse institution that will provide improved earnings from the first day after the transaction. Without these nonrecurring expenses included, non-interest expense increased 4.5% year-over-year.

Non-performing assets were \$2.7 million at September 30, 2017, compared to \$3.0 million at September 30, 2016, and loans past due by 30 days or more comprised only 0.17% of the overall loan portfolio. As Mike mentioned in his letter on the previous page, Bank First's asset quality will look significantly different after our merger during the fourth quarter of 2017. While the Bank's asset quality metrics may look different in the quarters to come, the guidance over accounting for purchased loans, which requires that we initially record those loans at fair market value rather than remaining principal outstanding, should allow us to work out of these assets without hindering our profitability.

Total shareholders' equity increased by 7% to \$134.9 million at September 30, 2017, as compared to \$126.5 million at September 30, 2016.

BFNC Stock Repurchase Program

Bank First has a stock repurchase program under which the Corporation may repurchase shares of outstanding BFNC stock. Please contact Mike Molepske at (920) 652-3202 or Bridget Bonde at (920) 652-3222 for further information.

Quarterly Common Stock Cash Dividend

The Corporation's Board of Directors approved a quarterly cash dividend of \$0.16 per common share, payable on January 4, 2018, to shareholders of record as of December 28, 2017.

New board members - *Continued from page 1*

acquisition of Metavante Corporation. Previously, Van Sistine served as Senior Vice President of Metavante Corporation's Financial Solutions Group. Van Sistine joined Metavante in 1991 as Vice President – Retail Strategy, designing and delivering sales and service technology solutions for financial services companies. Performing in many capacities, he later served as Senior Vice President – Business Development.

Prior to joining Metavante, Peter worked for BISYS, IntelliData, Associated Banc-Corp, and Valley Bancorporation in positions spanning from Branch Manager, to Director of Product and Channel Innovation, to Senior Vice President of Technology Delivery.

Mr. Wagner, retired Chairman of the Board of Trega Foods (now known as Agropur), dedicated his entire career to the cheese industry. He began working in the family business at Weyauwega Milk Products at a young age and eventually became president of the company in 1984. He was named Chairman of the Board of Trega Foods in 2004, when the company changed its name to reflect the merger of Weyauwega Milk Product, Simons Specialty Cheese, and Krohn Dairy.

Robert earned a Bachelor of Arts degree in history from Augustana College, Sioux Falls, SD, and a Master degree in accounting from the School of Business at the University of Wisconsin - Madison. He joined the First National Bank of Waupaca Board of Directors in 2012 and has previously served as a board member for International Dairy Foods Association, Wisconsin Dairy Products, Trinity Lutheran Church Council, and Riverside Medical Center in Waupaca.

FINANCIAL PERFORMANCE

Consolidated Statements of Financial Condition

	<u>9/30/2017</u>	<u>9/30/2016</u>
	<i>(In Thousands)</i>	
ASSETS		
Cash, Cash Equivalents and Fed Funds Sold	\$ 34,240	\$ 104,045
Investment Securities	124,977	151,648
Other Investments at Cost	5,688	5,438
Loans, Net	1,091,845	1,014,485
Premises and Equipment	14,808	13,082
Other Assets	61,458	58,598
Total Assets	\$ 1,333,016	\$ 1,347,296
LIABILITIES		
Deposits	\$ 1,141,767	\$ 1,080,933
Securities Sold Under Repurchase Agreements	12,697	32,028
Borrowed Funds	35,000	100,000
Other Liabilities	8,619	7,850
Total Liabilities	\$ 1,198,083	\$ 1,220,811
Total Shareholder Equity	134,933	126,485
Total Liabilities and Shareholder Equity	\$ 1,333,106	\$ 1,347,296

Consolidated Statements of Income

	<u>9/30/2017</u>	<u>9/30/2016</u>
	<i>(In Thousands, Except Per Share Data)</i>	
Total Interest Income	\$ 36,042	\$ 33,322
Total Interest Expense	5,434	4,465
Net Interest Income	30,608	28,857
Provision for Loan Losses	635	320
Net Interest Income After Provision for Loan Losses	29,973	28,537
Total Other Income	7,951	7,009
Total Operating Expenses	19,967	18,412
Income Before Provision for Income Taxes	17,957	17,134
Provision for Income Taxes	5,922	5,776
Net Income	\$ 12,035	\$ 11,358
Earnings Per Share: Basic and Diluted	\$ 1.95	\$ 1.82

Key Financial Metrics

	<u>9/30/2017</u>	<u>9/30/2016</u>
YTD Return on Average Assets	1.15%	1.15%
YTD Return on Average Equity	12.19%	12.31%
Average Assets per Average FTE	\$ 7,998	\$ 7,761
Net Interest Margin (YTD)	3.27%	3.26%
Full Time Equivalent - period end	175	171
Dividend Payout Ratio	25%	24%
Dividends Per Share (YTD)	\$ 0.48	\$ 0.43
Shares Outstanding - period end	6,143,576	6,202,356

Branch network grows with merger

The merger of Bank First and First National Bank of Waupaca makes our bank the third largest publicly traded bank headquartered in Wisconsin. As a result of the merger, we are excited to expand our model of relationship-based banking to six additional communities throughout Wisconsin, including: Waupaca, Weyauwega, Clintonville, Iola, Seymour, and Chetek.

With the addition of these six offices, our valued customers will have access to an increased lending capacity, a wider range of products and services, an expanded branch network, and a larger team of bankers dedicated to providing superior financial solutions that are value driven.

"The new offices align well with our relationship-based model of banking," stated Mike Molepske, Chief Executive Officer of Bank First. "Similar to Bank First, First National Bank had a long-standing history serving its community, dating back to the 1800s. We are excited to build upon these well-established relationships and seek opportunities for continued growth."



Bank First announces new hires and promotion

STEVE SIEBERT joined Bank First as Retail Banking Officer at the bank's Ashwaubenon office. Siebert has over fourteen years of banking experience, most recently as Senior Mortgage Loan Representative with Marine Credit Union. In his new role, Siebert will be responsible for developing new and enhancing existing retail relationships in the bank's Green Bay market. Steve received his Bachelor's degree from Valparaiso University. Focused on community involvement, Mr. Siebert stays active with Hope Community Church in De Pere, where he is a member. In his free time, he enjoys traveling, hunting, camping, and supporting the Badgers and Packers. Steve resides in De Pere with his wife, Beth.

JAMES LOTTER recently joined Bank First as Senior Vice President – Waupaca Market. Mr. Lotter has over twenty-five years of banking experience, including Business Banking, Special Assets, Branch Management, and Mortgage Origination. Most recently, he was responsible for maintaining the profitability of and managing the overall lending, deposit, and treasury activities for Wisconsin Bank & Trust's Sheboygan market. In his new role, James will be responsible for the growth and continued development of the bank's new Waupaca market. Mr. Lotter attended Cardinal Stritch University, where he earned his Bachelor of Science degree in Business Management.

RICK MESKERS recently joined Bank First as Retail Banking Officer. Meskers has over fifteen years of sales experience, having served Colfax Chevrolet / Karls Chevrolet in a variety of capacities. In his new role, Rick will

be responsible for developing new and enhancing existing retail banking relationships in the Chetek market upon closing of the upcoming merger between Bank First and First National Bank on October 27, 2017. Active in the community, Meskers is highly involved in the Chetek Hydroflights Water-Ski Team, an organization dedicated to youth development and providing entertainment for residents and out-of-town guests. Rick resides in Chetek with his wife, Tracey, and their two sons.

COLTON RABE has been promoted to Retail Loan Operations Manager. Rabe joined Bank First in 2013 as a member of the Deposit Operations team. In 2016, he was promoted to Treasury Management Representative. In his new role, Colton will be responsible for managing the daily operations of the bank's residential and consumer lending functions. Rabe earned his Bachelor of Business Administration degree from the University of Wisconsin Whitewater. He is currently pursuing his Masters of Business Administration at Lakeland College. In his spare time, Colton enjoys traveling, hiking, boating, and playing golf.



SIEBERT



LOTTER



MESKERS



RABE



Find us on Facebook

APPLETON
4201 W. Wisconsin Avenue
920-733-1927

ASHWAUBENON
2865 South Ridge Road
920-499-0500

BELLEVUE
2747 Manitowoc Road
920-469-0500

CHETEK
621 2nd Street
715-924-4851

CLINTONVILLE
135 S. Main Street
715-823-3131

IOLA
148 North Main Street
715-445-3211

KIEL
110 Fremont Street
920-894-2215

MANITOWOC
402 N. 8th Street
920-652-3100

MANITOWOC
2915 Custer Street
920-652-3110

MISHICOT
110 Baugniot Street
920-755-4200

OSHKOSH
101 City Center
920-237-5126

PLYMOUTH
2323 Eastern Avenue
920-893-1611

SEYMOUR
689 Woodland Plaza
920-833-2515

SHEBOYGAN
2600 Kohler Memorial Dr.
920-694-1900

TWO RIVERS
1703 Lake Street
920-793-2274

VALDERS
167 Lincoln Street
920-775-4740

WAUPACA
111 Jefferson Street
715-258-5511

WEYAUWEGA
101 Main Street
920-867-4611